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Message Text

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ACTION ARA-14

INFO OCT-01 CIAE-00 PM-05 H-01 INR-07 L-03 NSAE-00
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AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
OPIC-03 LAB-04 SIL-01 OMB-01 ISO-00 /093 W
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P R 211133Z JAN 78
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TO SECSTATE WASHDC PRIORITY 9059
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AMEMBASSY SANTIAGO
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USCINCSO QUARRY HTS CZ/J-2

C O N F I D E N T I A L SECTION 1 OF 2 LA PAZ 0604

E.O. 11652: GDS
TAGS: PINT, SHUM, BL
SUBJECT: POLITICAL EFFECTS OF THE BOLIVIAN HUNGER STRIKE

1. SUMMARY: THE 21 DAY HUNGER STRIKE WHICH ENDED ON JANUARY 18, WHEN THE GOB AGREED TO A GENERAL POLITICAL AMNESTY, FURTHER STIRRED THE BOLIVIAN POLITICAL CALDRON, WITH BOTH GAINS AND LOSSES FOR THE MAJOR ACTORS. THE GOVERNMENT'S ERRATIC HANDLING OF THE STRIKE, OSCILLATING BETWEEN NEGOTIATIONS, CLAIMS OF SUBVERSION, POLICE ACTION, BUT FINALLY

GIVING IN TO MANY OF THE STRIKERS' DEMANDS EXCACERBATED THE DIVISION BETWEEN THOSE WHO BELIEVE ELECTIONS SHOULD BE CALLED OFF AND THOSE SUPPORTING ELECTIONS. THE STRIKE AND THE GOVERNMENT'S INEPT EFFORTS TO DEAL WITH IT ACCELERATED THE CRUMBLING OF THE TIGHT CONTROL OVER BOLIVIAN SOCIETY WHICH THE GOB HAD ESTABLISHED DURING 3 YEARS OF ALL MILITARY RULE. THE EVENTS DID NOT HELP THE GOVERNMENT -SUPPORTED PRESIDENTIAL CANDIDATE, GENERAL JUAN PEREDA, WHOSE CAMPAIGN REMAINS MORIBUND, BUT THEY MAY NOT HAVE HELPED THE RESPONSIBLE OPPOSITION EITHER,
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WHICH REMAINS DISORGANIZED. THE STRIKE DEMONSTRATED TO EXTREME OPPOSITION ELEMENTS THE GOB'S DIFFICULTY WITH SUCH TACTICS, AND EXTREMISTS WILL NO DOUBT BE ENCOURAGED TO USE SUCH MEANS TO DISRUPT THE ELECTION CAMPAIGN IN AN EFFORT TO DIVIDE THE MILITARY AND OVERTHROW THE BANZER REGIME. PRESIDENT BANZER HIMSELF EMERGED RELATIVELY UNSCATHED, PERHAPS STRENGTHENED IN HIS DETERMINATION TO BRING THE COUNTRY TO ELECTIONS IN

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JULY, AND WITH OTHER GOB OFFICIALS, ESPECIALLY MINISTER OF INTERIOR JIMENEZ, BLAMED FOR THE GOB'S MISTAKES DURING THE STRIKE. FURTHER CRISES ARE CERTAIN TO OCCUR. IN THE FACE OF A DETERIORATING BALANCE OF PAYMENTS SITUATION, PRESSURE FOR WAGE INCREASES ARE BUILDING, THE IMF IS URGING AN AUSTERITY BUDGET AND AN INCREASE IN DOMESTIC GASOLINE PRICES AND CAPITAL FLIGHT CONTINUES. HANDLING OF THESE ECONOMIC PROBLEMS WILL BE HIGHLY POLITICIZED AND THE GOB WILL HAVE TO SHOW A MORE INTELLIGENT AND CALMER DIRECTION THAN IT DID DURING THE HUNGER STRIKE IF IT IS TO BRING THE NATION SAFELY TO A DEMOCRATIC GOVERNMENT IN 1978. END SUMMARY.

2. MOST APPARENT DURING THE STRIKE WAS THE GOVERNMENT'S ERRATIC AND INEPT HANDLING OF THE STRIKERS AND THEIR DEMANDS. WHAT SEEMED AT FIRST A RELATIVELY MINOR CHALLENGE DRAGGED ON AND ON, WITH MORE AND MORE ELEMENTS SUPPORTING IT INCLUDING EVEN SOME POLITICAL PARTIES CLOSELY ASSOCIATED WITH THE GOVERNMENT, THE GOVERNMENT EVEN MANAGED TO ALEINATE THE ORIGINALLY NEUTRAL CHURCH HIERARCHY WHEN POLICE VIOLATED CHURCH PROPERTY. THE GOVERNMENT'S ERRATIC COURSE WAS DUE IN PART TO INTERNAL DIFFERENCES ON WHETHER TO TAKE A HARD OR A CONCILIATORY LINE, COMPOUNDED BY THE INEXPERIENCE AND MISTAKES OF NEWLY APPOINTED MINISTER OF INTERIOR GUILLERMO JIMENEZ. MUCH OF THIS IN TURN REFLECTED THE GOB'S FAILURE TO ADJUST TO A COMPLETELY CHANGED SITUATION SINCE THE OPENING UP OF THE POLITICAL PROCESS. PRIOR TO NOVEMBER, POLITICAL PARTIES AND LABOR UNIONS COULD NOT OPERATE, MOST CONFIDENTIAL

VOCAL OPPONENTS OF THE REGIME WERE IN EXILE OR IN JAIL, THE PRESS SUBJECTED ITSELF TO AN AUTO-CENSORSHIP, AND THE NATION WAS IN ITS FIFTH YEAR OF ECONOMIC PROGRESS AND PROSPERITY. GOB LEADERS HAD HOPED TO OPEN THE POLITICAL PROCESS GRADUALLY, STARTING WITH POLITICAL PARTY ACTIVITIES, THE MEASURED RETURN OF EXILES AND RELEASE OF POLITICAL PRISONERS, AND ESTABLISHMENT OF A GOVERNMENT-SUPPORTED PRESIDENTIAL CANDIDATE - ALL ORCHESTRATED BY PRESIDENT BANZER AND A FEW CLOSE ADVISORS. PREDICTABLY, THE PROCESS HAS NOT GONE AS EXPECTED, AND THE CLOSELY CONTROLLED SYSTEM ESTABLISHED DURING 3 YEARS OF MILITARY RULE BEGAN TO CRUMBLE RAPIDLY DURING THE STRIKE. SOME ITEMS:

--THE GOVERNMENT HAD HOPED TO DELAY AS LONG AS POSSIBLE OR AVOID ALTOGETHER THE RETURN OF SOME OF THE EXILES IT CONSIDERED MOST DANGEROUS TO ITS INTERESTS, INCLUDING HERNAN SILES ZUAZO AND THE DEMAGOGIC LABOR LEADER JUAN LECHIN OQUENDO. THE GENERAL AMNESTY WILL PERMIT THEIR RETURN.

--THE GOVERNMENT HAD HOPED TO DELAY THE REESTABLISHMENT OF NORMAL LABOR UNION ACTIVITIES UNTIL AFTER THE JULY ELECTION. BUT IT MADE A FOOLISH MISTAKE IN ORDERING GOVERNMENT-

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APPOINTED UNION "COORDINATORS" TO ORDER THEIR MEMBERS ON STRIKE ON JANUARY 16 IN SUPPORT OF THE GOVERNMENT. NOT ONLY DID SOME UNION MEMBERS, ESPECIALLY FACTORY WORKERS IN LA PAZ, GO OUT ON STRIKE AGAINST THEIR OWN COORDINATORS ON JANUARY 17 AND 18, BUT THE GOVERNMENT - DICTATED STRIKE WILL MAKE IT DIFFICULT FOR THE GOVERNMENT TO PREVENT FURTHER STRIKES, WHICH ARE TECHNICALLY STILL ILLEGAL. THUS, WHILE THE HUNGER STRIKERS EARLY ON DROPPED THEIR DEMANDS FOR A RETURN TO LABOR UNION FREEDOM, GOVERNMENT CONTROL OVER UNIONS HAS BEEN SEVERELY WEAKENED, AND AN EARLY RETURN TO UNION ACTIVITY MAY BE ONE OF THE NEXT BIG ISSUES FACED BY THE GOB, PERHAPS IN THE CONTEXT OF DEMANDS FOR WAGE INCREASES.

--THE UNEASY TRUCE BETWEEN THE GOB AND THE PRESS, UNDER WHICH THE
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PRESS EXERCISED SELF-RESTRAINT ABOUT CRITICIZING THE GOVERNMENT OR THE MILITARY, VIRTUALLY ENDED DURING THE STRIKE. ONE GOB EFFORT TO SQUELCH A STORY WAS IGNORED BY THE PRESS.

--THE CHURCH UP TO NOW HAS REMAINED BASICALLY OUTSIDE POLITICS, EXCEPT FOR A FEW SPECIAL ISSUES, SUCH AS BIRTH CONTROL. EVEN ON HUMAN RIGHTS THE CHURCH POSITION WAS RELATIVELY UNCRITICAL OF THE GOB. BUT THE POLICE INTRUSION INTO CHURCH PROPERTY TO REMOVE HUNGER STRIKERS NOT ONLY TURNED THE CHURCH HIERARCHY TO THE SIDE OF THE STRIKERS, BUT GENERATED CHURCH THREATS TO EXCOMMUNICATE THOSE RESPONSIBLE.

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INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
OPIC-03 LAB-04 SIL-01 OMB-01 HA-05 /093 W
----------101311 211336Z /50
P R 211133Z JAN 78
FM AMEMBASSY LA PAZ
TO SECSTATE WASHDC PRIORITY 9060
INFO AMEMBASSY LIMA

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C O N F I D E N T I A L SECTION 2 OF 2 LA PAZ 0604

--PRO-GOVERNMENT POLITICAL PARTIES, SUCH AS THE FSB, EVENTUALLY SUPPORTED THE STRIKERS DEMANDS FOR A GENERAL MANESTY. THE FSB, WHICH WAS EXPECTED TO SUPPORT THE GOVERNMENT CANDIDATE, JUAN PEREDA, HAS NOW SPLIT, AND WILL BE LESS VALUE TO PEREDA IF IT SUPPORTS HIM AT ALL.

3. WHO WERE THE WINNERS AND LOSERS IN THIS INBROGLIO?
--SURPRISINGLY, PRESIDENT BANZER CAME OUT RELATIVELY UNSCATHED. HIS ANNOUNCEMENT OF A GENERAL AMNESTY IN A MIDNIGHT TV ADDRESS AND HIS STRONG REAFFIRMATION OF HIS GOVERNMENT'S INTENTION TO PROCEED WITH ITS PLANS TO RETURN TO DEMOCRATIC GOVERNMENT WERE VERY FAVORABLY RECEIVED BY THE PUBLIC, THE PRESS AND THE POLITICAL PARTIES. ALL THE GOB'S MISTAKES HAVE BEEN BLAMED ON THE MINISTER OF INTERIOR, GUILLERMO JIMENEZ, AND TO A LESSER EXTENT ON THE PRESIDENT'S OTHER AIDES.

--BANZER'S CANDIDATE FOR PRESIDENT, JUAN PEREDA, DEFINITELY LOST GROUND. ALTHOUGH HE PRIVATELY RECOMMENDED TO BANZER THAT HE
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DECLARE A GENERAL MANESTY, HE RECEIVED NO CREDIT FOR THIS. HE DECLARED HIS CANDACY DURING THE EARLY DAYS OF THE STRIKE IN ORDER TO GIVE THE APPEARANCE THAT THE GOB AND THE MILITARY WERE UNIFIED AND WOULD PROVIDE POLITICAL CONTINUITY FOR THE NATION, BUT THE CIVILIAN POLITICAL PARTIES WHICH PEREDA HAD HOPED TO FORGE INTO A COALITION TO SUPPORT HIM WERE OFFENDED BY THE PREMATURE ANNOUNCEMENT; THEY HAVE HAD TROUBLE EVEN COMMUNICATING WITH PEREDA, AND THEIR INTERNAL DEBATE DURING THE STRIKE OVER THE AMNESTY ISSUE HAS CREATED FURTHER DIVISIONS. SOME CIVILIAN POLITICIANS WHO ORIGINALLY INDICATED WILLINGNESS TO SUPPORT PEREDA ARE AGAIN TALKING ABOUT THE NEED FOR BANZER TO RUN FOR PRESIDENT. IN SHORT, PEREDA'S CANDIDACY REMAINS VIRTUALLY DEAD IN THE WATER.

--THE LEADER OF THE HUNGER STRIKERS, LUIS ADOLFO SALINAS, GAINED NATIONAL VISIBILITY AND SUPPORT WITHIN HIS OWN HUMAN RIGHTS CONSTITUENCY. BUT IT IS NOT CLEAR THAT HE GAINED GROUND AMONG THE URBAN MIDDLE AND UPPER CLASSES, THE CAMPESINOS AND SOME LABOR SECTORS, ALL OF WHOM VIEWED THE HUNGER STRIKE AS ONE OF THE FIRST INDICATORS OF THE BREAKING UP OF THE POLITICAL STABILITY AND ECONOMIC PROGRESS OF RECENT YEARS. SILES' CONVER-SATIONS WITH EMBOFFS INDICATE THAT THE STRIKE'S SUCCESS MAY

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EMBOLDEN HIM TO CHALLENGE THE GOB ON OTHER ISSUES, SUCH
AS UNION FREEDOM.

4. THE BIG WINNERS FROM THESE EVENTS, IN OUR OPINION, ARE THOSE
WHO FOR VARIOUS REASONS, WOULD LIKE TO SEE ELECTIONS CALLED OFF.
THEY INCLUDE:

--THOSE WITHIN THE GOVERNMENT AND THE MILITARY WHO BELIEVE THE
COUNTRY IS NOT READY FOR DEMOCRACY OR SEE A THREAT TO THEIR OWN
INFLUENCE BY A CHANGE OF GOVERNMENT. THE UNCERTAINTY WITH WHICH
THE STRIKE WAS HANDLED WILL ENCOURAGE THIS GROUP TO CONTINUE
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ADVISING PRESIDENT BANZER THAT ELECTIONS AND THE ELECTION
PROCESS WILL THREATEN ALL THAT HE HAS ACHIEVED DURING HIS SIX YEARS IN

POWER. THIS GROUP WILL BE SUPPORTED BY SOME ELEMENTS OF THE
PRIVATE BUSINESS SECTOR.

--THOSE WITHIN THE MILITARY (INCLUDING THE RETIRED
MILITARY) WHO SEE A BANZER GOVERNMENT STEADILY LOSING PRESTIGE,
CONTROL AND COMPETENCE, AND WHO ARE AMBITIOUS FOR A CHANCE TO
OVERTHROW BANZER. THIS GROUP WILL BE CAREFULLY WATHCING AND
PERHAPS CONTRIBUTING TO FUTURE CRISES.

--THOSE WITHIN THE EXTREME OPPOSITION WHO SEE THEIR ONLY CHANCE
AT PARTICIPATION IN POWER THROUGH A DIVISION IN THE MILITARY, AS
OCCURRED IN THE OVANDO/TORRES PERIOD. THIS ELEMENT, NOW ABLE TO
OPERATE MORE OPENLY, WILL HAVE AN INTEREST IN CREATING DISORDER.

5. THE PROSPECTS FOR ELECTIONS, WHILE STILL BETER THAN
50-50, HAVE BEEN REDUCED BY THE STRENGTHENING OF THE
ANTI-ELECTION FORCES AND THE WEAKENING OF THE PEREDA
CANDIDACY. THERE WILL BE MANY MORE POLITICAL CRISES
BETWEEN NOW AND JULY. THE GOB'S HANDLING OF THIS FIRST
CRISIS IS NOT ENCOURAGING. ON THE OTHER HAND, PRESIDENT BANZER'S
MIDNIGHT SPEECH WAS A STRONG ENDORSEMENT OF THE GOVERNMENT'S
DETERMINATION TO PROCEED WITH DEMOCRATIZATION. SOME OF HIS
CLOSEST AND SHREWDEST ADVISORS SEEM FULLY COMMITTED TO THIS
COURSE, AS WELL AS MANY WITHIN THE MILITARY. BUT A HOST OF
PROBLEMS FACE THE GOVERNMENT. CAPITAL FLIGHT DUE TO POLITICAL
UNCERTAINTY INCREASED GREATLY IN LATE 1977. A BURGEONING
GOVERNMENT DEFICIT HAS CREATED THE NEED FOR AN AUSTERITY BUDGET
IN 1978. WAGES, WHICH HAVE BEEN FROZEN SINCE 1974, HAVE BARELY
KEPT UP WITH INFLATION, AND PRESSURES FOR WAGE INCREASES ARE
BUILDING UP RAPIDLY. SCHOOL TEACHERS HAVE ALREADY MADE WAGE
DEMANDS. THE IMF REPRESENTATIVE IN LA PAZ IS ENCOURAGING THE
GOVERNMENT TO RAISE GASOLINE PRICES AND ADOPT AN AUSTERITY
BUDGET. ALL OF THESE WILL BE HIGHLY POLITICIZED QUESTIONS
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WITH THE POLITICAL COSTS OF ECONOMIC DECISIONS WEIGHIN MUCH MORE HEAVILY THAN HERETOFOR. THE GOB WILL CERTAINLY HAVE TO DEMONSTRATE A MORE CALM AND CAPABLE HANDLING OF BOTH ITS ECONOMIC AND POLITICAL PROBLEMS IF IT HOPES TO BRING THE NATION SAFELY TO ELECTIONS IN 1978.
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